

**THE IMPACT OF MARKETING MIX STRATEGIES ON MICRO AND
SMALL BUSINESS ENTERPRISES PERFORMANCE**
(Case Study of Manufacturing Enterprises in Gondar City Administration, Ethiopia)

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1. INTRODUCTION

1.1. Background of the study

The current globalization market has made companies to see the internationalization of their activities as a way to remain competitive. Marketing strategy has become important tool globally for any organization to remain in competitive market environment and was stronger (Gbolagade et al, 2013).

Owomoyela et al, (2013) also see marketing strategy as way of providing a quality product that satisfies customer needs, offering affordable price and engaging in wider distribution and back it up with effective promotion strategy. Marketing strategy is a vital prerequisite of Industry's ability to strengthen its market share and minimize the impact of the competition.

Ellis (2005) felt that marketing practices are the superior predictor of business performance as there is a strong link between marketing practices and overall business performance.

The role of marketing in small scale industry has been in continuous focus during the last few decades. Some expressed concern that marketing may not be the core of Small manufacturers, whereas others felt that it was not given due importance, recognition, or resource by industry (Sivanand and Murthy, 1999).

Compared to large enterprises, SMEs face many unique challenges, including (1) limited resources and lack of experience in conducting market research (Bamforth and Brookes, 2002; Siu and Kirby, 1998; Verhees, 1998), (2) lack of marketing skills (Callahan and Cassar, 1995; Carson and Cromie, 1990), and (3) the

tendency of limiting their marketing to “selling” within their own industry (Carson, 1990) as cited by Yiming et al (2005).

Beck and Demirguc-Kunt (2006), report that small enterprises (along with medium) are major drivers of both employment and economic growth contributing to more than 50 % to GDP and 60 % to employment in developed economies, These type of enterprises, however, constitute less than 30% of employment and 17% of GDP in developing countries. Indeed, a study conducted in Africa by the ILO finds that only 20% of the total populations of working age group in many African countries were reported to have been working in the small enterprise sector (ILO, 2003a). Micro-econometric studies using enterprise level data from MSEs sector has indicated that many of these enterprises have low levels of productivity, produces low quality products and grows only when they were young (e.g., Mead and Lieadholm, 1998; Tybout, 2000).

Now days, in almost all economies of the world especially in developing countries in Africa and Ethiopia, micro and small enterprises are crucial and a key factor for sustained growth and development. Okpara and Wynn (2007) elaborated that MSEs are generally regarded as the driving force of economic growth, job creation and poverty reduction in developing countries. They have been the means through which accelerated economic growth and rapid industrialization to be realized. In Ethiopian context, as to the Ethiopian government’s strategy, Growth and Transformation plan, micro and small enterprises are the bridge to achieve the goals of the government (MoFED, 2011).

Studies conducted so far concluded that the problem of MSEs are access to working capital, inadequate infrastructure, high transactional cost, limited managerial and technical experts and marketing problems (World Bank, (2008), Hailay, (2003) and Gebrehiwot and Wolday, (2006).

As cited by Neneh and Van Zyl (2008) SMEs cover about 90% of African business operations and contribute to over 50% of African employment and GDP (Chodokufa 2009). Nevertheless, SMEs are still “plagued by high failure rates and poor performance levels” despite their many contributions (Jocumsen 2004: 659). Moreover, because of their small size, a simple management mistake is likely to lead to the death of an SME without providing it with an opportunity to learn from its past mistakes (Bowen, Morara & Mureithi 2009). A study by the *Business Times* (1997) established that more than six out of ten new businesses fail within the first 18 to 24 months and identified factors such as lack of planning, improper financing and poor management as the main causes of small business failure.

Some of the major constraints of micro and small enterprises in Ethiopia affecting the performance of MSEs are: Cumbersome rules/regulations related problems such as high tax level, uncertainty about tax policy, high collateral requirement, lack of/ inadequate business premise, lack of business support service and inadequate access to credit, an inadequate access to finance, lack of infrastructure, weak supporting institutional quality, access to land, access to raw material, access to training, marketing and competition. Bureaucratic requirements, penalties, weak legal enforcement, entry regulations and inability to use the

institutional enforcement mechanism were also among the major problems of MSEs (Commission on Legal Empowerment of the Poor, 2006).

Therefore, this research intended to assess the impact of marketing strategies practices on micro and small business enterprise performance a case study on manufacturing enterprises at Gondar city administration. The study aimed to assess the impact of marketing strategies practice on micro and small business enterprise performance a case study on manufacturing enterprises at Gondar city administration. This study is too important because, it enables micro and small enterprise to improve their performance by identifying key components of marketing strategies which affect enterprise performance of the city.

1.2. Statement of the Problem

Small scale industries are largely suffering on marketing front in the absence of proper marketing strategies. In the era of globalization the small units have to compete with medium, large and foreign companies as they are facing competition directly or indirectly from these companies. Chaston (1997) observed that poor marketing is one of key reasons of the failure of small firms. Customers are becoming more and more powerful due to available product choices and bargaining powers which are creating stiff competition in the local and foreign markets.

Hence, due to increased competition there is need to opt for appropriate strategies in the marketing mix (product, price, place and promotion) for the success of organization and to remain operative and competitive in the markets.

However, there are inherent problems which affect long term survival and business performance of MSEs due to lack of financial resources, management experience, poor location, poor infrastructure, low demand for products or services, corruption and shortage of raw materials (Akabueze, 2002). In this regard, Hanna (2010) and MUDC (2013) found out that though their extent varied across regions and cities in Ethiopia, irregular supply of raw materials, lack of working premises, insufficient startup and working capital, lack of access to market and access to land especially in Addis are the major obstacles of the enterprises.

Marketing is a fundamental yet overwhelming concept for most SMEs as many struggle to employ it effectively (Vanscheers, 2012). Marketing factors such as competition, low demand for products, not being able to meet customer needs, wrong pricing strategies, lack of knowledge, poor location, and product variety and branding, all have an impact on SMEs. Dockel and Ligthelm (2009) point out those SMEs undertake little marketing activities as they have difficulties managing the various marketing challenges stated above.

However, SMMEs face tremendous challenges that threaten their survival and growth (Jefferis, 2010). The challenges include access to markets, financial issues and competitiveness (Centre for the Development of Enterprise, 2013). The main problems of SMMEs include lack of funding, lack of expertise, lack of innovation, no or poor planning, and poor management, lack of business acumen, Poor and or no record-keeping on the performance of business, poor quality products, no or inadequate marketing, and lack of market. Access to markets seems to be a major foundational concern among SMMEs. For that reason, this

research concentrates on SMMEs Access to markets (Stanbic Bank Botswana, 2013).

Most Ethiopian MSEs lack adequate market channels through which they could market their outputs. Most of the time the quality, quantity and price would suit the needs of many customers and potential suppliers are willing and able to provide what is required .but neither side is aware of marketing their products effectively as well as accessing and acquiring information on business opportunities, the existing possibilities in designing appropriate marketing strategy as crucial for the growth and development of micro and small enterprises (MFI, 1997).

According to the Ministry of Urban Development and Construction (MUDC), 2013 Enterprises from the regional cites indicated that shortage of finance (42%) to expand their business was their principal challenge, followed by lack of working premise (28.3%); and lack of access to market or absence of linkage to market. The study also showed that lack of access to land has been one of the most crucial bottlenecks (26.4%) in Addis Ababa, problem of finance (25.6%) and access to market (25.1%) were among the strong factors inhibiting the growth of these enterprises in the capital. The survey also, reveals that 79.4% of the sample enterprises in all the 13 sample cities do not have the habit of advertising their products/services.

Marketing problems such as lack of product diversity, pricing problems, lack of awareness how to compete in the market, limited business management and salesmanship ability, limited capacity to promotional activities, and lack of

market related knowledge are also hindering the development of MSEs (Assegedech, 2004).

The literature shows that there is a knowledge gap that needs to be filled by the marketing researcher. The problem can be summarized as (i) the extent of a lack of marketing strategies knowledge of the MSEs in city areas, and (ii) whether MSEs are able to use relevant marketing tactics in order to grow.

Are micro and small business enterprise really performed well? An exploratory research was undertaken to explore the impact of marketing strategies on micro and small business enterprises performance by assessing their marketing strategies practice, level of performance in terms of profit, market share and customer satisfaction.

Therefore, conducting such a research seems essential in the light of the fact that different problems centered in this sector. Hence, this study aims at identifying the impact of the varied problems on the performance of MSEs. This study has made an effort to analyze the varied problems of MSEs in manufacturing enterprises at Gondar city and forwarded possible solutions to the policy makers and business operators.

1.3. Objectives of the Study

1.3.1. General objective

The general objective of the research is to assess the impact of marketing mix strategies practice on micro and small enterprise performance at Gondar city.

1.3.2. Specific objectives

Based on the general objective of the study, the following specific objectives are developed:

1. To examine the level of marketing mix strategies practices.
2. To identify the extent of micro and small enterprise performance in the city.
3. To assess the relationship of marketing mix strategies with micro and small business enterprise performance.
4. To analyze which factor of marketing strategies most predicts micro and small business enterprise performance.

1.4. Research Questions

1. What is the level of marketing strategies practices at micro and small manufacturing enterprise in the city of Gondar?
2. What is the extent of micro and small manufacturing enterprise performance at the city?
3. What is the correlation of Marketing strategies and micro and small manufacturing enterprise performance in the city?
4. Which factor of marketing strategies most affects micro and small manufacturing enterprise performance?

1.5. Scope of the Study

The study is bounded both from area of coverage and problems addressed. The study has tried to analyze assess the impact of marketing strategies on micro and small business enterprise performance at Gondar city. Marketing mix strategies factors such as namely product, price, promotion and place are incorporated in this study. The study was carried out from December, 2015 to June, 2016.

1.6. Limitation of the Study

As this study is confined to one specific area such as Gondar city, it might lack generalizations. As a limitation to this study, shortage of previous studies on similar topics used marketing strategies variables with MSEs performance. Limited problem had also been occurred during the distribution of the questionnaires and the respondent willingness to file the questionnaires.

1.7. Significance of the Study

The study is important because it provides an understanding in the area of relations of marketing strategies practices and MSEs performance in the city. The result of this research is also important to create awareness on the part of the micro and small business enterprises about the most determinant variables that can influence the level of business performance. The practical significance of this study is embedded in information that can be useful in developing strategies.

This research hopefully initiates many concerned bodies to implement policies to enhance performance, working conditions, and training programs for MSEs.

Furthermore, the study can be added to the existing literatures and may serve, as additional source for reference and it can also serve as a spring board for other researchers who want to conduct detailed research on the issue.

1.8. Operational Definition of Concepts and Terms

The study used some conceptual and operational words that are related to the research objectives to define some of the terms in this study. The definitions are as follow:-

Marketing strategies:-

Product: -refers to the goods and services you offer to your customers.

Price: -.refers to how much you charge for your product or service.

Promotion: - refers to the advertising and selling part of marketing.

Place: - refers to the distribution channels used to get your product to your customers.

Performance:- - refers to the accomplishment of a give task measured against present known standards of accuracy, completeness, cost, and speed.

MSEs: - micro and small enterprises working on manufacturing business

1.9. Organization of the Paper

This paper is organized as follows.

The first chapter of this paper deals with background of the study, statement of the problem, objectives, research questions, and scope, limitation of the study, significance of the study and operational definition.

The second chapter of this paper concerns related literature review which encompasses Theoretical, Empirical and Conceptual frameworks.

The third chapter describes the methodology for the study in detail, which includes study design, population of the study, sampling design, sampling technique, data source, data collection procedure, study variable and measurement, reliability and validity and data analysis.

The fourth chapter of this paper focuses on the result of the study and discussion.

The fifth chapter deals with the conclusions, recommendations and future researcher direction.

2. REVIEW OF RELATED LITERATURE

2.1 Review of Concepts and Theories

2.1.1 The Definition of SMEs

Small- and medium-scale enterprises (SMEs) are a very heterogeneous group. They include a wide variety of firms—village handicraft makers, small machine shops, restaurants, and computer software firms— that possess a wide range of sophistication and skills, and operate in very different markets and social environments. Their owners may or may not be poor. Some are dynamic, innovative, and growth-oriented; others are traditional “lifestyle” enterprises that are satisfied to remain small. In some countries, SME owners and workers are (or are perceived to be) dominated by members of particular groups. Microenterprises are normally family businesses or self-employed persons operating in the semi-formal and informal sectors; most have little chance of growing into larger scale firms, accessing bank finance, or becoming internationally competitive. Serving them often requires distinct institutions and instruments, such as the group-based lending methodologies used by some microfinance institutions. In contrast, SMEs usually operate in the formal sector of the economy, employ mainly wage-earning workers, and participate more fully in organized markets. SME access to formal finance is a desirable possibility, and SMEs are more likely than microenterprises to grow and become competitive in domestic and international markets.

The statistical definition of SMEs varies by country, and is usually based on the number of employees or the value of assets. The lower limit for small-scale enterprises is usually set at 5 to 10 workers and the upper limit at 50 to 100

workers. The upper limit for “medium-scale” enterprises is usually set between 100 and 250 employees. Since statistical definitions vary, it is very difficult to compare size distributions across countries (Figure 1). However, one should not be overly concerned about the lack of consistency in employment-based SME definitions, since the number of employees, viewed in isolation from the size of markets or the economy, may be misleading. For example, a 50-employee firm in the U.S. would be considered “smaller” (relative to the size of the U.S. economy) than a 50-employee firm in Bolivia.

Moreover, other characteristics of the firm, such as the degree of informality or the level of technological sophistication, may matter more than the number of employees as a segmentation factor (Kristin H, 2010).

2.1.2 Common Characteristic of MSEs

There are assumptions that are common characteristics of MSEs. These common characteristics are; they have few employees, give low income, not experience much growth and do not produce for markets outside their local environment (Eversole, 2003).

Employment Generation

Available evidence suggests that micro enterprise do not show growth in terms of number of people employed (Mead and Liedholm, 1998). While small firms experience both high job creation and destruction rates, it appears that job destruction during recession is lower in small enterprise than in large enterprises perhaps due to greater wage flexibility in small firms (Snodgrass & Biggs 1998). In contrast, large firms offer better in terms of wages, fringe benefits, good

working conditions, opportunities for skill enhancement and job security (Snodgrass and Biggs 1998).

According to the study made by Liedholm (2002), the closures rate for MSEs of developing countries in Africa and Asia is occurred in the early years of firm's existence. In Kenya, Botswana, Swaziland, and Zimbabwe, over 50 percent of the small firms get closed within three years of start up. Ibid page 22 added that *''Since small firms have higher gross job creation and destruction rates than large enterprises, small firms may offer less job security than large firms. In the US for both new and already existing jobs, Jobs durability increases with firm size''*.

Location and Survival Rate of MSEs

Location can play a central role in determining MSEs survival. MSEs located in urban or commercial areas are more likely to survive than their counter in rural areas. Those that operate in commercial districts or on road sides typically show greater growth rates than those that are based on their home, although it can vary at the country level (Liedholm, 2002).

Gender and MSEs

According to op.cit based on the study of the nine countries; in five of these countries women outnumber men as owners and operators of MSEs. Those small firms tend to be concentrated in relatively specific activities like beer brewing, knitting, dress making, crocheting, cane work and retail trading. Ibid page 5 added that MSEs headed by women are more likely to be based out of their homes.

Home based MSEs tend to be hidden to markets and because most homes are not on streets that people pass.

Labour Distribution in MSEs and Large Enterprises

Small firm expansion boosts employment more than large firm growth, because small firms are labor intensive, coinciding with the factor market structure of most developing countries. Many analysts argue that within industries, for a given scale of production, small firms are more labour intensive than large firms. However there are some evidences suggests that enterprise scale is an unreliable guide to labor intensity because many small firms are more capital intensive than large firms in the same industry. Labor intensity exhibits more variation across industries than among firm size groups within industries (MSE DEGPR, 2006). According to the study made by Sondgrass & Biggs (1998) depicted that „*The fact that small firms employ a large share of the labor force in developing countries may be a more reflection of the product composition of production in those countries than inherent labor intensity of small firms*’’.

Income

While there are many exceptions to the basic pattern, the evidence suggests that larger employers offer better jobs in terms of wages, fringe benefits, working conditions and opportunities for skills enhancements as well as job security. In low-income countries, small enterprises have much lower productivity levels than larger firms which lead to lower wages and non wage benefits. There is some evidence that this divergence in labor productivity and wage rates between small

and large firm's narrows as countries become more developed in terms of industrialization (Snodgrass and Biggs, 1998).

Efficiency and Innovation in MSEs

Efficiency and innovation is one of the determinants in MSEs survival. Snodgrass and Biggs (1998) stated that;

“There has been a substantial difference detected in economic efficiency among enterprise of varying sizes. It is often argue that small firms are more innovative, particularly when they follow “niche strategies” using high product quality flexibility and responsiveness to customer needs as a means of competing with large scale mass producers”.

Measures of enterprise efficiency vary greatly both within and across industries. Those that varies are labor productivities or total factor productivities. Among the total factor productivities; financial market, imperfections such as information asymmetries, transaction costs and contract enforcement costs are particularly affecting the poor who lack collateral and credit histories not to work efficiently (Beck, et.al, 2004 cited in MSE Degpr, 2006). Joseph Schumber (1995), a remarkable analyst and advocate of capitalism, asserted that the hall mark of capitalism is innovation. The only survivors are those who constantly innovate and develop new products and process to replace the old ones (Brown and Latour, 2004 cited in Edmison, 2004).

Market Linkage

In a study made by MSE DGPR (2006), it is described that “*Market linkages amongst small firms are quite limited. The majority of small firms sell directly to final consumers although some use contracting and clustering*”. The study of Millhold (2002) suggests that those MSEs that sell to traders and manufacturing firms are more likely to grow than other MSEs sells to final consumers and in view of (Small Enterprise Assistance Funds, 2004) that “*Smaller business may import fewer intermediate goods. A greater amount of products are purchased from labor intensive MSEs which may produce a large local multiplier effects*”. This in turn can lead to increased opportunities for locally sustainable growth and employment.

The quality of employment in MSEs

Employment growth in small enterprises does not necessarily reflect a successful development strategy. It is also important to consider the quality of employment, which can be broadly defined as the work-related factors that have an impact on the economic, social and psychological well-being as well as on the health of the employed persons (Reinecke,G. 2000).

On average, jobs in small enterprises are less productive, less remunerated, less secure and less unionized than jobs in larger enterprises, even after controlling for observable workers characteristics, such as education, sex and age (Reinecke, G. 2000). For instance, the study by Soderbom (2001) estimates that in Ghana’s manufacturing sector, a 10 percent rise in firm size is statistically associated with a 1.6 percent rise in earnings. For these reasons, many people concerned with

employment quality and industrial relations view the growing emphasis on small enterprise employment as a threat rather than an opportunity. Moreover, as mentioned above, some people find work in small enterprises simply because they have no alternative. For these persons, it is a kind of survival strategy that is adopted despite low and possibly declining returns until something better comes along. As such, it is a reflection of economic failure rather than success. These enterprises can be very important in helping a large number of very poor people become a little less poor but they can generally not provide employment of high quality (Op.cit, 2000).

Most studies considering employment quality in small enterprises largely focus on income levels (or profits for the enterprise owner in the case of very small enterprises). Obviously, income is indeed a crucial dimension of employment quality, especially in countries where many workers' incomes are insufficient to move the household they live in beyond the poverty line.

2.1. 3 Micro and Small Enterprises in Ethiopia

Based on the gathered experience, by identifying the gaps of the existing definition of

MSE, ignoring the size of employee and by taking total asset as criteria and by dividing it in to industry and service sector; and considering the coming 5 years inflation and Fluctuation/regularity of currency the definition of MSEs was improved in January 2011 as follows.

Based on the revised sector both micro and small scale enterprises are categorized in to industrial sector and service sector under industry sector (manufacturing,

construction and mining) micro enterprises are defined as an enterprise that operates with 5 people including the owner and/or their total asset is not exceeding Birr 100,000. (MSEDS strategy, 2011).

Under service sector (retailer, transport, hotel and Tourism, ICT and maintenance service) micro enterprises are defined as an enterprise that operates with 5 persons including the owner of the enterprise and/or the values of total asset is not exceeding Birr 50,000.

Under the industry sector (manufacturing, construction and mining) small enterprises are defined as operates with 6-30 persons and/or with a paid up capital of total asset Birr 100,000 and not exceeding Birr 1.5 million. (MSEDS strategy, 2011).

Under the Service sector (retailer, transport, hotel and Tourism, ICT and maintenance service) Small enterprises are defined as operates with 6-30 persons or/and total asset, or a paid up capital is with Birr 50,001 and not exceeding Birr 500,000.

When ambiguity is encountered between manpower and total assets as explained above, total asset is taken as primary yardstick (MSEDS strategy, 2011).

In Ethiopian perspective, categorizing enterprise as micro or small is based on their involvement in the industrial or service activities. Industrial activities include manufacturing, construction or mineral related while service's activities include trade, transport, hotel and tourism. Size of workers and capital are also

important parameters to distinguish the level of enterprises as indicated in Table below.

Ethiopian Definition for Micro and Small Enterprises

Level	Sectors	Manpower size	Total Asset Norm (Birr)	Equivalent to USD
Micro enterprise	Industry	≤ 5	10,000	\$5000
	Service	≤ 5	50,000	\$2500
Small enterprise	Industry	6-30	1,500,000	\$75000
	Service	6-30	500,000	\$25000

Source: federal democratic republic of Ethiopia, Industry Development Strategy Document, 2001, Addis Ababa

As indicated above, Manpower and total assets are taken as criteria to categorize enterprises as a micro or small level. The table indicated that within the same size of Manpower, high capital is required for the sector to be considered as an industrial subdivision. However, if there is ambiguity between Manpower and total asset, priority is given for the asset criteria to categorize the enterprise. In table 1, it is shown that less than or equal to five workers are sufficient to establish micro enterprises both for the industrial and service sector. Conversely, the capital amount varies from \$5,000.00 for industry to \$2,500.00 to services. In

the meantime, for small enterprises, the Manpower range from 6 to 30 in both industry and service sectors and capital varies from \$75,000.00 for industry to \$25,000.00 for the service sector.

Location and working space problems: For MSEs, lack of premise is unquestionably a serious problem. Most informal operators do not get access to suitable locations where they can get easy access to markets. The issue of acquisition and transaction cost has become very prohibitive to the emergence of new enterprises and to the growth and survival of existing ones. The issue of land provision and the land lease system has greatly constrained the chances of micro, small and medium enterprises who aspire to start up businesses (Eshetu & Mammo, 2009).

According to Rolfe et al (2010) findings location is critical factor for sales and income of small scale enterprises and hence entrepreneurs benefit from businesses in formal residential areas. Logically, this finding stems from the higher per capita income and demand density in developed urban areas. Demand density also makes taxi ranks and train stations more lucrative. These spaces are limited and thus a source of competitive advantage that cannot be copied or re-created. Mbonyane & Ladzani (2011) found that small businesses select a site without first thoroughly analyzing the suitability of location.

The same researcher found that most of the micro-enterprises are failing owing to a lack of space provided by the government and the various shortcomings of the small business owners regarding their businesses. Olawale & Garwe (2010) also

found that poor location has a negative impact of the performance of micro and small enterprises.

Lack of sufficient marketing and high competition level:

The marketing problem is the main constraint for the growth of enterprises (Rahel & Paul, 2010). Micro and small enterprises in Ethiopia faced various marketing problems. There is lack of product diversity and as a result similar products are over crowding the market. In addition to this certain micro and small enterprises lack the skill to modify their products and they have lack of sufficient range of product designs (Assegedech, 2004).

Ethiopian micro and small enterprises have different pricing problems such as lack of costing knowledge, did not include over head costs, salary or wage of family members involved in the production process are not considered, and do not know the exact earning from sales (Assegedech, 2004).

Many MSEs plan to promote their products, however, their budget is mostly limited. In addition to this, such MSEs have lack of awareness how to compete in the market. MSEs are less advantageous to compete in the market than large companies since they have smaller economies of scale (Assegedech, 2004).

In terms of problems related to product diversity, the findings of Assegedech (2004), Rahel and Paul (2010) and Eshetu and Mammo (2009) are similar. According to Eshetu and Mammo (2009), majority of MSEs produce or give services of similar products in a limited domestic market. Most of them do not seek new possibilities and opportunities outside the local markets.

(Rahel and Paul 2010) also reported the presence of competition is the most significant factor. This is because of the reason that enterprises in the same sector sell identical products without any additional distinctiveness and innovative activities. This led them to compete for the same demand.

Due to this, the local markets crowded with similar products or services and the level of competition among local producers of goods and services is intense. As result, the returns are fairly low. (Rahel and Paul 2010)

In addition, presence of illegal traders around their market place leads to unbalanced competition and low demand for merchants who are legal. This results in lack of demands which is another problem for the enterprises. (Rahel and Paul 2010)

The establishment of markets in residential areas also limits the demands. The change in demand and being unable to modify their products with the demand is the other marketing problem.

Because of such collective factors (stiff competition from local and foreign products), most of the MSEs are claimed that they are at a disadvantage. There are no sufficient institutional facilities that nurture the promotion, growth and development of MSEs, Rahel and Paul (2010)

Marketing their products effectively as well as accessing and acquiring information on business opportunities are the major bottlenecks that small and micro entrepreneurs face all over the country. As a result, the design and quality of products of MSEs are below standard. In addition, lack of marketing skills and

weak infrastructural facilities renders small businesses to be uncompetitive (Commission on Legal Empowerment of the Poor, 2006).

Mbonyane &Ladzani, 2011, Olawale & Garwe, 2010 Bowen et al, 2009 also found that lack of appropriate marketing practices are among the major constraints that hinder the smooth function of MSEs.

Bowen et al (2009) found that there is fierce competition in the small business sector which leads to price competition and small margin of profit. Olawale & Garwe (2010) also show that high competition is among the major factors that hinder the growth of micro and small enterprises. This is due to the reason that most of MSEs tend to congregate in dense markets and overcrowded cities. Small business owners do no longer find it easy in competing with their own goods which is mostly perceived by consumers as low quality ones when compared with those of the multinational companies.

Due to the aggressive competition small business enterprises are facing from companies that operate with greater capital outlay, companies with better and modern equipments for production, companies with better manpower and companies with marketing capabilities have resulted to low level of business and at times outright closure by small business owners (Etumeahu, 2009).

2.1. 4 Marketing Strategy

As cited by Gbolagade et,al (2013), There are numerous definitions of marketing strategy in the literature and such definitions reflect different perspectives (Liet *al*, 2000). However, the consensus is that marketing strategy provides the avenue for utilizing the resources of an organization in order to achieve its set goals and

objectives. Marketing strategy is define as in a given market area, the proper allocation of resources to support enterprises to win competitive advantage. Goi (2005) define marketing strategy as the set of the marketing tools that firms use to pursue their marketing objectives in the target market; the view which was earlier expressed by (Gronroos, 1999, and Osuagwu, 2006).Therefore, the function of marketing strategy is to determine the nature, strength, direction, and interaction between the marketing mix- elements and the environmental factors in a particular situation. According to (owomoyela, *et al*, 2013), the aim of the development of an organization's marketing strategy development is to establish, build, defend and maintain its competitive advantage. Managerial judgment is important in coping with environmental ambiguity and uncertainty in strategic marketing. Lin (1993) as cited in Long-Yi and Ya – Huei,(2012) proposes that marketing strategy can be divided into four ways to research that: (1) Dual-oriented marketing strategy: using rational and emotional product name, easy to remember, and pricing to take into account the cost of service and quality orientation, psychological factors and competitors' prices. (2) Rational marketing strategy: the use of functional demands of a rational position, consider after-sales service, warranties, delivery and installation attached by the product factors. (3) Emotional marketing strategy: the emotional appeal to locate, emphasis on physical product shape, color design, the use of emotional product names, and so on memory, attention to product packaging and labeling. (4) Maintenance marketing strategy: consumers are more concerned about price and quality, it is not suitable to use a lot of marketing techniques, manufacturers can improve product packaging and labeling, give a simple name for remember, consider the quality position and competitor pricing during pricing. Lin (1993) divides

marketing strategy into four parts that is dual-oriented, rational, emotional and low involvement, different product types with different marketing strategy, so the manufacturer's marketing strategy can be divided into five parts which is the choice of target market, product strategy, pricing strategy, channel strategy and marketing strategy. He use a total of 29 questions to measure new product marketing strategy and seven points Likert scale is used to measure. When the industry lack of competition, the business performance would be better even when companies are not entirely market-driven, the performance will have a more excellent performance (Kohli *et al.*, 1993). Previous studies have established relationships between the marketing strategies and performance (Owomoyela *et al.*, 2013; Shoham, 2002; Theodosiou & Leonidou, 2003). Leonidou, Katsikeas and Samiee (2002) propose a study in which a meta-analysis was also conducted to evaluate the relationships between the marketing mix strategies and performance.

2.1.4.1 Product Strategy

Kotler and Armstrong (2006) define a product as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. They further define a consumer product as the product bought by the final consumer for personal consumption. Consumers buy products frequently, with careful planning, and by comparing brands based on price, quality and style. Borden, (1984) sees a product as about quality, design, features, brand name and sizes. Mohammad *et al.*, (2012) also say that product is the physical appearance of the product, packaging, and labeling Information, which can also influence whether consumers notice a product in-store, examine it, and purchase it. Past

researchers have clearly suggested that product influences have a significant impact on business performance (KazemandHeijden, 2006; Kemppainen, Vepsäläinen, andTinnilä, 2008; Ogunmokun and Esther, 2004; Owomoyelaet al, 2013), As cited by Gbolagade et,al (2013),

2.1.4.2 Pricing Strategy

Kotler (2007) defines price as a cost of producing, delivering and promoting the product charged by the organization. Zeithaml (1988) is of the view that monetary cost is one of the factors that influence consumer's perception of a product's value. Price can be stated as the actual or rated value of a valuable product which is up for exchange; some define it as amount of money paid for product (Kotleret al, 2005). In the studies of Colpan,(2006); Dooleet al., (2006) and Owomoyelaet al, (2013) they establish significant relationship between price and business performance. The price you set for your product or service plays a large role in its marketability.

Pricing for products or services that are more commonly available in the market is more elastic, meaning that unit sales will go up or down more responsively in response to price changes (Jones, 2007). As cited by Gbolagade et,al (2013),

2.1.4.3 Promotion Strategy

Zeithamlet al. (1995) describes promotion as part of specific effort to encourage customers to tell others about their services. According to Duncan (2005), promotion is the key to the market exchange process that communicates with present and potential stakeholders, and the general public. Every firm or store

must cast itself into the role of communicator and promoter. Hakansson (2005) also reports that promotion appears as an issue of how to create an optimal mix of marketing communication tools in order to get a product's message and brand from the producer to the consumer. Borden, (1984) defines promotion as sales promotion, advertising, personal selling, public relations and direct marketing. Kotler, (2007) discovers that Promotions have become a critical factor in the product marketing mix which consists of the specific blend of advertising, personal selling, sales promotion, public relations and direct marketing tools that the company uses to pursue its advertising and marketing objective. Previous researches (Amine and Cavusgil, 2001; Francis and Collins-Dodd, 2004) have established significant relationship between promotion and business performance. As cited by Gbolagade et,al (2013),

2.1.4.4 Place Strategy

Jones, (2007) defines place as any way that the customer can obtain a product or receive a service. Bowersox and Closs (1996) give distribution as another name for place. According to them, it is the third element of the marketing mix, and it encompasses all decisions and tools which relate to making products and services available to customers. Kotler and Armstrong (2006), also define place or distribution as a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers. Place strategy calls for effective distribution of products among the marketing channels such as the wholesalers or retailers (Berman, 1996). Owomoyela et al, (2013); Amine and Cavusgil, {2001}; and McNaughton, (2002) agree that place has significant effect on business performance.

2.1.4.5 Packaging Strategy

Packaging is a crucial component of the "marketing mix" for a product. It is the "least expensive form of advertising" and is of particular importance at the point of sale, as the package is the manufacturer's last chance to convince the customer to purchase the product (Sajuyigbeet *al*, 2013). Packaging is a very important marketing strategy to glamorize product in order to attract the consumer's attention. Sometimes packaging is so important that it cost more than the product itself in order to lure the consumers to buy its (Sajuyigbeet *al*, 2013). Olayinka and Aminu (2006) see packaging as all activities of designing and producing the container or wrapper for a product. Kotler (2007) defines packaging as all materials products used for the containment, protection, hard delivery and presentation of goods. Packaging is the protecting products for distribution, storage, sale and use, packaging also refers to the process of design evaluation and production of packages. Packaging can be described as a coordinated system of preparing goods for transport, warehousing information and sell. It is fully integrated into government business, institutional, industry, and personal use (Diana, 2005). Sajuyigbeet *al*, (2013) point out that packaging is one of the inevitable communication tools that influence buying behavior and enhance business performance. As cited by Gbolagade et,al (2013),

2.1.4.6 After Sales Service Strategy

After sales service involves a continuous interaction between the service provider and the customer throughout the post-purchase product life cycle. At the time the product is sold to the customer, this interaction is formalized by a mutually agreed

warranty or service contract. Urbaniak, (2001) defines after sales service as those activities that enhance or facilitate the role and use of the product. (Asugman, et al., 1997) also define after sales service as those activities in which a firm engages after purchase of its product that minimize potential problems related to product use, and maximize the value of the consumption experience. Past researchers (Ruben, 2012; Saccani, *et al.*, 2007;; Raddats, 2011; Goffin and New, 2001) agree that after sales service is a marketing strategy that enhance and establish strong and long relationship with customers, which in long run lead to customer satisfaction, retention and profitability. As cited by Gbolagade et,al (2013),

2.1.5 Entrepreneurial Marketing in Small and Medium Sized Enterprises

Small and medium size enterprises don't follow conventional methods in their marketing practices and their functions are so specific (Stokes, 2000; hill et al, 2009). But sometimes they apply traditional methods in an innovative and entrepreneurial manner to achieve their goals (Carson, 1993).

One of the major problems, which they face, is being in dynamic environment (Moriarty et al., 2008). Therefore, their marketing decisions are occasionally, discontinuous, non-structured, informal, and includes spontaneous reactions. Moreover, marketing functions in these companies are highly dependent on available recourses, life cycle of company and its product/service, personality, knowledge and experience of owner manager and degree of Customer satisfaction (Odwyer et al., 2009). Also social networks include people and other related companies hav became the inherent characteristics of SME marketing (Zontanos and Anderson, 2004).

Marketing literature confirms that small enterprises cannot benefit from economies of scale in order to establish their core competencies on innovative development of new product or service and the information needed for this process is gathered from customer and market place (Odwyer et al., 2009).

In current environment, entrepreneurial orientations are the core of marketing process in SMEs and are necessary for their success (Stokes and spring, 2000; Zontanos and Anderson, 2004). Small businesses may not work as professional marketing experts, but are always running for their survival and growth (Zontanos and Anderson, 2004).

Kotler (2003:4-5) believes that entrepreneurial marketing is a new technique, which is applicable in SMEs and divided it in three steps:

First entrepreneurial marketing. In this stage, most of entrepreneurs run their businesses by individual efforts and rely on their cleverness and awareness the most. They initially recognize an opportunity and adjust their experiences, understanding and intuition to exploit it. In the second step, marketing techniques are in the form of formulated marketing, Kotler continues that: “while an SME achieves some success begins to formulate its marketing efforts and after a while it has much formal technique as road map. But the lack of creativity and desire to guerrilla marketing at this stage of growth companies is seen”. Now, brand and product managers should come out from their office and live whit their customers and create new way to deliver more value to them. In this stage, they need entrepreneurial marketing. (Hills and Hultman, 2006).

According to Kotler, Entrepreneurial marketing is related to first development phase of business where the level of entrepreneurship is high and the degree of formalization of marketing practices is low. While, businesses move to growth stage, the degree of formalization increases and more staff and procedure is needed. However entrepreneurship is independent from organization growth and may increase or decline during the time (Hills and Hultman, 2006). As cited by Amir et al, (2011).

2.1.6 Marketing Mix in Small and Medium Enterprises

Marketing mix comprises are the core essence of marketing activities (Martin, 2009). Marketing researchers is always attributed the success of marketing activities to the implementation of similar elements in the mix. The elements in the marketing mix in a successful marketing activity have been traditionally known as to be associated with the 4p's (price, promotion, place, product) for everyone (Kolter, 2003). Firms usually organize these elements according to the known and tested patterns and step-by-step procedures and claim that the existing designs inherent in these patterns are highly structured and systematic (Carson et al, 1995).

However, Martin (2009) alluding to the points above and investigating empirical cases, realized that small and medium enterprises lose their entrepreneurial spirit by purely imitating the conventional marketing mix patterns. As mentioned before, this is because these firms due to their nature face opportunities and threats that cause them to use their own particular marketing practices (Hill et al, 2009). It is generally accepted that the characteristics and features of a small

enterprise influences its activities, techniques, and marketing experiences (Zontanos and Anderson, 2004).

The tactics of using a different marketing mix are different from an entrepreneur to another, regarding conventional processes such as product development, pricing, place and promotion (Martin, 2009). Entrepreneurs prefer having direct interactions and developing personal relationships with organizational shareholders to practicing formal and conventional principles. Moreover, their functional tactics are directed towards understanding the market instead of doing formal research and are based on personal observations (Stokes and Nicholas, 2010). In fact, most manager owners of small and medium enterprises do not determine their marketing mix based on the 4p's, instead they prefer interactive and conversational marketing practices (Carson, 2005).

2.1.7 The Marketing Mix of Micro-Enterprises

The survival of a company is directly related to the acceptance, on the part of the consumers, of that which it offers to the market. McCarthy and Perreault (1999, p. 43) mentioned that the marketing compound is the set of “controllable variables that the company gathers to satisfy this target group” (consumers). These controllable variables, also known as marketing mix, can be categorized as the four Ps: product, price, promotion, and distribution points. The company should generally offer a mix that offers solutions for the needs of its consumers. On the other hand, the market should reciprocate the offer of solutions through payments that ensure the sustainability of the company.

Also, as controllable variables, aside from the internal environment, there are the raw material suppliers and services, competitors, and distributors, which will be analyzed in conjunction with the analysis of the marketing mix. We decided to also avoid macro environmental analysis, which can be categorized as an uncontrollable variable, such as the economic, technological, and demographic environment, among others. In this way, we maintain the focus in the marketing mix. The first to be examined will be the product.

Product

In a marketing mix there is what is offered to the market in material form. Kotler and Armstrong (2008) as the basis for the entire marketing compound, define: a product as something that can be offered to a market for assessment, acquisition, use or consumption and that may satisfy a desire or need. Products include physical objects, services, events, people, places, organizations, ideas or a mixture of all of these entities. (p. 200)

Micro-enterprises have characteristics and particularities that influence the product offered, as in Table 1.

Product Features

Item reviewed	Particularity	Analysis and recommendation
Raw material suppliers and services	For having limited financial and economic resources, the company may find it difficult to acquire raw material or services at competitive prices.	You can choose the purchasing cooperatives, where the same raw materials can be purchased in volume and increasing bargaining power with suppliers.
Production	The company may have difficulty producing or simply selling in large quantities.	Can try outsourcing processes and focusing on its customer base.
Distributors	The company usually sells its products in a regional fashion, within its reach capacity.	Can try negotiating, concentrating intensively on the distribution of what it sells.
Competitors	The company may have different types of competition, according to their specific characteristics, such as size and composition of what is sold.	Aggressive monitoring should be drawn up in relation to direct and indirect competitors.

Note. Source: Authors.

In this way, the micro-enterprises should look for alternatives in order to increase sales through the increase of its production capacity and, consequently, their productivity and scale economies. There are two crucial points to enable growth in a sustained manner:

Obtaining productivity and scale economies means increasing one's financial return and decreasing costs and expenses;

Obtaining competitive differentiations through gradual innovations. Small businesses must provide products or services to the market, despite their research and development limitations. The innovations coming from small businesses can represent a way to decentralize power—which is naturally centered on large companies.

A good example is the strategy of an Excel spreadsheet, which is part of a Windows package. This spreadsheet was previously known as Lotus and the company that developed it, did not have the resources to market it internationally. They decided then for patent registry and concession to Microsoft. In this way, the product could be marketed globally, regardless of the size and resources of the company concerned.

A solution for the lack of resources to be adopted by micro-enterprise is building on provision of financial resources by entities such as the National Economic and Social Development Bank, The Brazilian Development Bank (BNDES), as well as the guidance of entities such as the Brazilian Service of Support for Micro- and Small-Enterprises, SEBRAE. In addition, higher education institutions, through

their junicompanies and incubators, can become paths for innovating products and services and for business management itself.

Below, the distribution channels will be analyzed with a more organic viewpoint.

Relationship Channels

From the perspective of a marketing mix, there are also distribution channels, which initially may be defined as entities that provide the exchange between manufacturers and consumers. However, in a more organic vision, these entities have different and important roles in the process of exchange. According to Kotler and Armstrong (2008): Generating a product or service and making them available to buyers requires building relationships not only with customers but also with suppliers and salesmen in the supply chain of the company. This consists of supply chain partners “at levels above” and “levels below”.

On the level above are the suppliers, and the distribution channel represented by wholesalers and retailers are on the level below. According to the number of participants, there are the following levels:

Zero-level—characterized by direct marketing with the client. In this case, the company can get better financial returns for not having distribution and marketing expenses, but must absorb the transaction and operational costs;

Level one—there is the presence of retailers, which can be defined as specialized agencies in trading and transactions that increase the reach of the company within the consumer market;

Level two—there is the presence of wholesalers that buy in bulk and resell to retailers and/or end customers. Generally, there is little possibility of operation by micro-enterprises at this level, due to production limitation, except for negotiations and specific contracts.

However, every company needs to have an integrated view of its business, as well as what each entity aggregates in relation to the value perceived by consumers.

Table 2

Distribution Characteristics

Item reviewed	Particularity	Analysis and recommendation
Transacted volumes	The company has no bargaining power with the distribution channel.	The company can choose for a negotiation that facilitates more effective frequency at the expense of increased cost, distribution, and marketing expenses.
Logistics	The company may have difficulty in receiving, stocking and marketing the product.	Must have a management that enables rational planning stemming from its limitations.

Note. Source: Authors.

Distribution strategies can be categorized into intensive, selective, and exclusive:

Intensive distribution strategies imply strong distribution capability throughout the market and with great geographical reach. For reason of their limitations, micro-enterprises are unable to achieve this level of intensity;

The strategies of selective distribution indicate that the company may choose certain dealers, according to their production limitations, as well as their access to different categories of consumers;

Exclusive distribution strategies indicate that the micro businessman has chosen a company category for the marketing of their produce, which gives them better control and focus on their sales.

Companies in the area of food products, for example pizzerias, have bypassed geographical limitations by means of outsourcing their deliveries. Another important factor is the possibility of geographic dispersion. A good example is the Giraffe's, which has obtained considerable growth and is also present internationally.

In recent times, logistics areas internal and external and physical distribution have become one of the greatest objects of analysis. It is of no value having a good product if it is not open to distribution or if there be any delay in delivery. The solution for micro-enterprises is sound management through the creation of indicators. If on the one hand, the introduction of management indicators, such as the Balanced Score Card (BSC), can initially generate barriers, due to the standardization of procedures and processes; it will allow the company to have a more complete vision of the business, as well as, the relationship channels.

Following below are the tangible products pricing strategies.

Initial Pricing Concepts

Every company must charge for what it offers to the market; all consumers must pay, and understand that they are getting something of a particular value. Thus, Kotler and Armstrong (2008) noted that: In the strictest sense, price is the amount you will charge for a product or service. More widely, the price is the sum of all the values that consumers exchange for the benefits of getting or using a product or service. Historically, the price has been the main factor that affects the buyer's choice. (p. 258)

The formation of the price for the final consumer is one of the hardest decisions in the marketing compound, since it involves different variables that small business people are sometimes not aware of. It can and must involve aspects related to production and marketing costs, fixed and variable, and profit margin, i.e., should be contextualized with the chain of values and corporate objectives of the company. Supplementing with McCarthy and Perreault (1999, p. 275): “price objectives should flow and be adjusted to the company and their marketing goals. It should be explicitly declared because they have a direct effect on price policies, as well as the methods used for their determination”.

According to the strategic planning of a company, the strategies of pricing can be:

Elite or creaming method, in which the company offers to the market a product or service at a high price, being understood that this has a high added value, and that there is a consumer market interested and with sufficient income;

Floor or introduction, in which the company offers something at a low price, considering that the product or service does not have sufficient attributes that lead consumers to pay a higher price for it.

The selection of price strategies stems from several situations involving: the categories of products and services offered, competition, suppliers, level of competition and expectation of returns on initial investment and working capital. In most cases, micro-enterprises offer a product or service at a competitive level, concerned mainly with short-term return.

In sequence and terminating the analysis of the mix, the various form of communication, information and promotion of their businesses, companies, products, and services.

Promotion Tools for a Micro-enterprise

To inform and market their products and services, all companies must use a composite of promotion.

According to Kotler and Armstrong (2008): Building good relationships with the client requires more than just the develop of a good product, giving you a competitive price and making it available to the target customers. Companies also need to communicate their value propositions to customers. (p. 357) The promotion compound is formed by long- and short-term incentives in order to motivate consumers into buying products and services at that time, but also aiming at managing the beginning and promoting the maintenance of the business relationships. Long-term incentives may be advertising and public relations; and short-term incentives can be categorized as sales promotion and personal selling.

Table 3

Characteristics and Applications of the Compound of Promotion

Composite item	Particularity	Analysis and recommendation
Advertising	Long-term stimulus that aims to inform and generate relationships, especially with the target audience. Usually using printed, virtual, and electronic media.	Because of the cost and breadth, in general, the microenterprise ceases to opt for this alternative of promotion or even the option for a more regionalized vehicle, such as neighborhood newspapers and similar means.
Public Relations	Long-term stimulus that aims at generating relationships with different public, including the target market. With such tools as news and press releases.	Because of the diversity of ways to generate the stimuli, it can be an important tool of exposure with the public nearest to the company.
Sales promotion	Short-term stimuli, aimed at transforming the action in selling, such as discounts, promotional packages, among others.	It is one of the most suitable stimuli for small firms, for facility reasons and for not having high developmental costs.
Personal selling	Short-term stimulus that aims at contributing towards more forceful sales.	It is one of the most commonly used stimuli by small businesses, by the very nature of its operations.

Note. Source: Authors.

Micro-enterprises should combine the different actions in accordance with their goals and objectives, as well as in accordance with their expectations and budget. In general, the company must therefore generate long-term incentives, disclosing their name and promoting their respective products and services. In addition, short-term stimuli should be promoted in order to render sales and have the consequent return on their investment. In the specific case of micro-enterprises, it is natural for them to make greater use of short-term incentives because of their need for financial return.

One option is the use of the internet to disseminate the company, as well as for marketing and the sale of its products and services. Lodish, Morgan, and Kallianpur (2002) recalled the importance and relevance of the web in business enterprises and viral marketing.

Some companies can get free exposure by yielding part of their products and services. It is natural for restaurants to give amenities in exchange for exposure in newspapers and magazines. According to the methodology mentioned, some research was carried out the by author together with Kuazaqui, Lisboa, and Silva (2011), with the purpose of identifying the knowledge level of the management tools as well as those related to marketing strategies.

2.1.8 The Concept of Performance

GEM, (2004) defined Performance as the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. However, performance seems to be conceptualized, operationalised and measured in different ways thus making cross-comparison difficult.

Cooper et al (1992) examined various factors which influence business performance such as: as experience, education, occupation of parents, gender, race, age, and entrepreneurial goals. While, Lerner and Hisrich (1997) conducted a study on Israeli women entrepreneurs and categorized the factors that affect their performance into five perspectives, that is, motivations and goals, social learning theory (entrepreneurial socialization), network affiliation (contacts and membership in organizations); human capital (level of education, skills) and environmental influences (location, sectoral participation, and socio political variables).

Thibault et al. (2002) suggest that factors influencing business performance could be attributed to personal factors such as demographic variable and business factors such as amount of financing, use of technology, age of business, operating location, business structure and number of full-time employees as important factors in examining the performance as small scale business operators.

The most comprehensive summary of factors influencing performance was noted in a literature review by Theo, et. al. (2007) to include: individual characteristics, parental influence, business motivation and goals, business strategies, goals and motives, networking and entrepreneurial orientation. Others include environmental factors.

2.1.9 Marketing Practices and Firm Performance

1Moloney, Fahy & McAleer (2005) define marketing as a business practice that focuses on the importance of having a profound appreciation for the customer so that the marketer can match or surpass the needs of the intended market better

than the competition and as a result provide the firm with a continual competitive advantage in the market place. According to Arsalan, Naveed and Muhammad (2011), it is indispensable for every business to conduct marketing practices. Ghouri, Khan, Malik & Razzaq (2011) emphasize that executing a proper marketing strategy adds excellence to a firm's activities and strengthens the competitiveness and market share of the firm. Firm performance has been established to directly depend on efficient marketing practices (Andres, Salinas & Vallejo 2009). Kumar and Petersen (2005) established seven marketing strategies that can maximize the profitability of a firm as well as proliferate its performance. Porter (1985) brought forth a generic strategy which explained that for a business to maximize its performance, it should either strive to be a low-cost producer in its industry or should differentiate its line of products/services from those of other businesses. According to John and John (2006), businesses that use the differentiation strategy should focus primarily on marketing as a means of distinguishing their products and services from those of their competitors.

Therefore, maximizing business performance through the differentiation strategy is directly linked to the marketing practices of the business.

2.2 Empirical Literature Reviews

Table 2.1 Vivid Presentation of the Empirical Literature

Author(s)	Year	Research title	Methods	Findings
Seyed. M. et al	2014	The Influence of Export Mixed Marketing Strategy on Food Industry Export Performance	<p>In this study, we have considered the influence of mixed marketing strategies on the food industry export performance based on Lee and Griffith (2004)'s model.</p> <p>For gathering data we use a descriptive method from correlation type. Required data has been gathered through questionnaire among 105 superior food export producer companies at 2009 and analyzed by using structural equation technique (confirmed factor</p>	<p>The Results of this study show that all factors of the mixed marketing strategy have the meaningful effect on export performance. Meanwhile, production has highest effect and export channel has lowest effect on the export performance.</p>

			analyze).	
Masood et al,	2013	Examine Impact of Marketing Strategy Creativity on Organizational Performance via Marketing Strategy Implementation Effectiveness: Empirical Evidence from Pakistani Organizations.	A survey questionnaire has been used to collect the data from key sales and marketing personnel of business units in service and manufacturing companies of Pakistan.	The results of regression analysis showed that performance is maximized when an organization develops a creative strategy and achieves effective implementation. Managerial implications and future research directions are also discussed.

Author(s)	Year	Research title	Methods	Findings
Aswani K. M,	2010	Determine the effects of different marketing strategies on the performance of insurance companies in Kenya.	The main instrument for this research was self administered questionnaire were distributed	The study registered a positive relationship exist between product innovation as a marketing strategy and firms performance at 0.41. This entails that for any insurance company to diversify effectively and increase its market share investment in product innovation is critical.
Gbolagade et al	2013	Investigates the impact of marketing strategy on business performance with special reference to the selected SMEs in Oluyole local government area Ibadan, Nigeria.	The survey research design method was used in this study which involves using a self-design questionnaire. The instrument used in this study is a close-ended questionnaire that was designed by the researchers. Correlation	The results show that the independent variables (i.e Product, Promotion, Place, Price, and After sales service) were significant joint predictors of business performance in term of profitability, market share, return on investment, and expansion.(F(6, 97) = 14.040; R ² = 0.465; P< .05).

			coefficient and multiple regression analysis were used	
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Author(s)	Year	Question	Methods	Findings
Matti et. al	2010	Strategic Marketing and Its Effect on Business Performance in Three European Engineering Countries	Our data was gathered by questionnaire in 2002-2003, covering small, medium and large firms in business and consumer products and services in Austria, Finland and Germany.	The findings indicate that inside-out capabilities are those most positively effecting to company performance.
N.B. Neneh & J.H. van Zyl	2011	Achieving optimal business performance through business practices: evidence from SMEs in selected areas in South	A statistical methodology was used to test the relationships hypothesized in the research model.	The results reveal that all six selected business practices that were examined (Marketing practices, strategic planning practices, human resource management practices, risk

		Africa.		management practices, performance management practices and teamwork practices) have a positive and significant relationship with SME performance.
Weldegbrief M,	2012	Problems of Micro and Small Enterprises in Addis Ababa: The Case of Kirkos, Kolfe, and Yeka Sub Cities.	In the study, both qualitative and quantitative research methods were used. Primary data was obtained using questionnaires and unstructured interviews. Secondary data was also collected from books, journals, past research works, official documents and the internet. Stratified sampling was used to select proportional number of samples from the study area.	On the basis of the findings, the major problems facing MSEs in Addis Ababa are lack business plan, lack of formal and informal association, lack of favorable business environment, high cost and shortage of raw materials, lack of proper institutional support, lack of proper marketing practice, and stiff competition among MSEs in the same business line and medium and large companies.

Author(s)	Year	Research title	Methods	Findings
Paluku k,	2014	Assessment of Challenges Facing Small and Medium Enterprises towards International Marketing Standards: A case study on Arusha region Tanzania	A structured questionnaire was administered to the participants of the study. The tool was designed to assess challenges facing SMEs towards international marketing. The tool had 2 parts: a) identification and profile of respondents, b) assessment of challenges facing SMEs towards international marketing.	Study findings show that SME's face challenges to access international marketing unaware of regulations and standards, lack of financial support from the Government, poor understanding of consumer's needs and services, lack of essential entrepreneurial skills and weak networking structures to penetrate into international marketing.
Yiming et al,	2005	Investigates the effects of Marketing Strategy and Business Performance: The Case of	A pilot study was first conducted in early 2000 via semi-structured personal interviews with chief executives	The results show that long-term differentiation marketing strategy, R&D as a percentage of sales, and years in business are positively associated with a small

		Small Firms in China	at ten SMEs in Tianjin, China.	firm's business performance in China.
Farshid M. M and Amir. F,	2012	The Influence of Marketing Strategy Elements on Market Share of Firms.	The sample of the firm was provided by The Industrial Ministry. The data to evaluate a hypothesis were obtained through questionnaires sent to the managing directors or sale mangers of 95 sheets manufacturing firms.	The result of this study concluded that product strategy, promotion strategy, pricing strategy and place strategy are important elements to increase the market share.

Author(s)	Year	Research title	Methods	Findings
Raj Kumar G. and Raghbir S.	2011	Marketing mix strategies of small manufacturers of India: Punjab experience.	The study is based on primary data which has been collected by a structured, non-disguised and pre-tested questionnaire.	The major finding reveals that small manufacturers are not using well versed with the marketing mix techniques and do not use latest marketing tool such as e-marketing or web

				marketing. The promotion of the products by advertising is not prevalent among these units.
Amir M.K, et al	2011	Developing Entrepreneurial Marketing Mix: Case Study of Entrepreneurial Food Enterprises in Iran.	<p>As its research framework, this study has used the Quality – Exploratory approach specifically case study according to Ghauri framework. Data were collected from 17 entrepreneurial enterprises. Different methods including in-depth and semi-structured interviews, along with open questions from entrepreneurs and marketing managers were employed in gathering information.</p> <p>Content analysis method also inductive inference used for data</p>	Results indicate that the Entrepreneurial Marketing Mix include 5Ps which element of Person is a new element among others. However it should be mentioned that there is an entrepreneurial approach in component of Price, Place, Product and Promotions as well and some new component have been added to the conventional marketing mix.

Author(s)	Year	Research title	Methods	Findings
Michael C. Cant, and Johannes A. Wiid,	2013	Establishing The Challenges Affecting South African SMEs.	A questionnaire was constructed and judgments sampling was used to gather the responses of 81 SMEs.	The research identified inflation and interest rates, crime and unemployment, low demand for products, the wrong pricing strategies implemented and the location of the business to be the major problems experienced by SMEs.
Ebitu, E. T, et al	2015	Examined the relationship between marketing problems and performance of selected Small	The sample size of the study was 150 and data was collected with the use of structured questionnaire. The instrument was	The findings highlighted in the study were; there is a significant relationship between the marketing problems experienced

		and Medium Scale Enterprises in southern senatorial district of Cross River State, Nigeria	content-validated, while the test-retest method was used to confirm the reliability.	by SMEs and the increase in their profit margin and sales volume.
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2.3 Conceptual Framework of the Study

The arrows in the diagram show interactions between the variables. As depicted in the diagram factors affecting business performance by product, price, place and promotion factors.

The elements of marketing mix are product, price, place and promotion.

Product; is a set of tangible and in tangible attributes including packaging, price, manufacturers prestige, retailers prestige and manufacturers and retailers services (Stanton and Futrell, 1987.p.190).As it is mentioned by kotler (1994) anything that can be supplied to the market is considered as a product. As cited by Emeye B (2014).

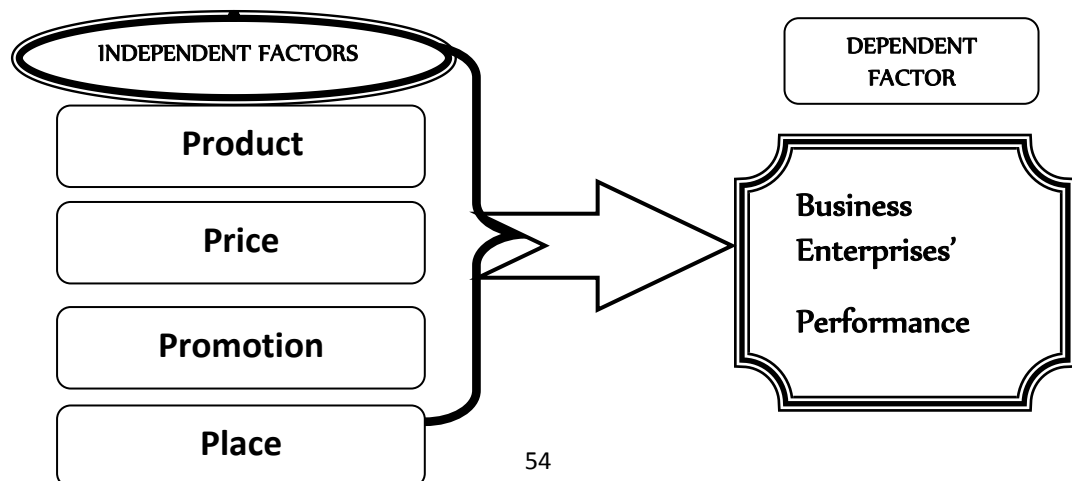
Place; According to Perseault and McCarthy (2002), place means making goods and services available in the right qualities and locations when customers want them .To make products available in convenient locations, MSEs should gather information on what distribution channels exist and consider the pros and cons of

developing one's own channels versus relying on others(UNESCO,2004). As cited by Emeye B (2014).

Promotion ; is any form of communication used to inform persuade and remind people about on organizations individual goods, services, image, ideas, community involvement, or impact on society. Therefore, it should be integrated to the needs of particular market segments so that the target customers aware of the availability of products and services in the market place (Evan and Berman, 1990, p.454). As cited by Emeye B (2014).

Price represents the value of a good or service for both seller and buyer (Evan and Berman, 1990, p.554).it is only element of the mix that generates revenue the others produce costs (koter 1994 cited in Tesfye.2011). As cited by Emeye B (2014).

Figure 2.1.Conceptual Framework of the Factors that Affect Business Performance



3. METHODOLOGY

3.1 Research Design

The research design employed in this study is quantitative research design. Also, this is a cross-sectional study which gathers data on a single point in time throughout the entire study.

To achieve the research objective, a survey of enterprises has been carried out in Gondar city. This research has tried to examine the relationship between independent and dependent variables or assessing the impact of marketing strategies as an independent variable on micro and small business enterprises performance which is the dependent variable; and thus the research is causal/explanatory in nature.

3.2 Population of the Study

The population of this study comprises micro and small business enterprises operating at Gondar city. In the micro and small enterprises office report, there are 334 micros and small business enterprises operating on manufacturing sector (like, metal & wood work, textile & garment, leather & leather product, food processing & beverage, agro-processing and hand crafting & ornament) has been targeted.

3.3 Sampling Design

3.3.1. Sample Size Determination

The list of all micro and small business enterprises was retrieved from the micro and small enterprises office at Gondar city and this was used as the sampling frame for the quantitative study. For the quantitative study the researcher has determined total sample size by using Yamane (1967) sample size formula.

Sample Size Formula

$$n = \frac{N}{1 + Ne^2}$$

Where:

n = sample size

N = population size (the universe)

e = sampling error (usually .05 acceptable error)

2 = raised to the power of

$$n = 334 / (1 + 334(0.0025))$$

$$= 334 / 1 + 0.835$$

$$= 334 / 1.835$$

$$= \underline{\underline{182}}$$

3.3.2. Sampling Technique

The researcher divides the entire target population into different subgroups (business categories), as strata, and then randomly selects the final subjects proportionally from the different strata (business categories).

Total sample size was proportionally allocated to base on the number of each business categories micro and small business enterprises then the respondents was selected from each business categories. The researcher has used proportionate stratified random sampling techniques.

The researcher followed the method of proportionate stratified sampling under which the sizes of the samples from the different strata has been kept proportional to the sizes of the population in the strata. So based on this the following numbers has been sampled from each stratum.

Table 3.1 Formulation of Stratum

No	Stratum/business categories /	Population of the stratum	Weight	sample size	sample selected from each stratum
1	<i>Metal and wood work Engineering Enterprises</i>	181	54.19%	182	$54.19\% \times 182 = 99$
2	<i>Textile & Garment Enterprises</i>	57	17.06%	182	$17.06\% \times 182 = 11$

3	<i>Leathers & Leathers Products Enterprises</i>	6	1.80%	182	$1.80\% \times 182 = 3$
4	<i>Food Processing and Beverages Enterprises</i>	50	14.97%	182	$14.97\% \times 182 = 27$
5	<i>Agro-Processing Enterprises</i>	37	11.08%	182	$11.08\% \times 182 = 20$
6	<i>Traditional Hand crafting & Ornament Enterprises</i>	3	0.90%	182	$0.90\% \times 182 = 22$
	Total	334	100%		182

Source: Micro and Small Enterprises Office /2008/

3.4. Data Source and Data Collection Procedure

The researcher has used primary data source and specifically questionnaire. It is particularly self-administered method which was used in collecting the required data from the respondents. In addition to this, the researcher has been collected secondary data from books, articles, journals, and Internet to enrich and critically analyze the subject under study.

The questionnaire has been passed out to the respondents at their business categories. However prior to this, permission has been requested from the owner of the enterprises and furthermore, the respondents have been informed about the purpose of the study. Following the instructions on the instrument, the questionnaire has been filled out and returned

3.5. Research Instrument and Measurement

The instrument consists of three parts. The first part contains general background (demographic information) of respondents. The second part contains four facets of marketing mix strategies while the third part is all about business performance. Each of how the variable would be measured in this study is discussed as follows.

Measure of Marketing Mix Strategies and Overall Performance

I) Marketing Mix Strategies (the independent variables)

Marketing mix strategies (the independent variable being considered in this study. To measure marketing mix strategies developed by researcher has been used. Four facets of marketing strategies were asked. The four dimensions developed by the researcher, namely product (7 items), price (7 items), promotion (6 items) and place (7 items). These items has been rated on a five-point likert type scales ranging from '1' "Strongly Disagree." to '5' "Strongly Agree". The items of respective factors of marketing strategies were computed as average summated score for the data analysis purpose.

II) Business Performance (*the dependent variable*)

The only dependent variable in this study is performance. To measure all over business performance, a simple and understandable three item construct was developed by the researcher. These items were rated on a five – point Lickert type scales ranging from ‘1’ “Very Low” to “5’ Very High”. The item of respective factors of all over business performance has been computed as average summated score for the data analysis purpose.

3.6. Validity and Reliability of the Instrument

3.6.1. Validity Test

According to Kumar, (1996), in terms of measurement procedures, validity is the ability of an instrument to measure what it is designed to measure. To further strength the validity of the instrument, the researcher has used simple appropriate English and Amharic language, which is easily understandable by the respondents to facilitate respondent cooperation and to enhance respondents’ understanding.

3.6.2. Reliability Test

Reliability is one of the major criteria for evaluating research instruments. Reliability measures the internal consistency of the model. In this research, Cronbach’s alpha has been used to test the reliability of the measures.

The cronbach’s alpha for all variables shown in Table 3.2, the reliability for product performance is 0.887, and price performance is 0.797, promotion 0.860, place 0.852 and business performance 0.897 represent.

The result indicates that the cronbach alpha coefficients for five variables are above 0.70. It is supported by Nually (1978) pointed out that the reliability above 0.60 is sufficient for basic research. Thus, the items used in measuring the variable were acceptable.

Table 3.2 Reliability Measures Using Cronbach's α for Tested Variable

Measures	No. of items	Cronbach's alpha coefficient value
Product	7	0.887
Price	7	0.797
Promotion	6	0.860
Place	7	0.852
Business Performance	3	0.897

(Source: researcher survey, 2016)

3.7. Data Analysis Methods and Interpretation

After data is collected through a self-administered method, the already collected data has been edited and analyzed using certain statistical tools (measures of central tendency and dispersion) i.e. mean, and standard deviation to test the first two research questions for to show the level of marketing mix strategies practice and performance of the businesses. Moreover, to test the other research questions, the researcher has been used correlation analysis and particularly it is Pearson

correlation has been used to detect whether each independent variable is related to the dependant variable or not. Additionally, regression analysis and particularly it is multiple regression analysis which was employed to show the effect of independent variable on the dependent variable and which factors of marketing mix strategies is more predictor of business performance. The above procedure has been done by using SPSS version16.0 windows statistical software.

4. DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1. Introduction

This chapter is to highlight and discuss the results and the findings based on the analysis done on the data collected from respondents. This chapter includes demographic information of the respondents, results obtained from the descriptive statistics for the dimensions of mean and standard deviation analysis and Pearson correlation coefficient, multiple regression analysis of the variables.

4.2. Demographic Information of the Respondents

A total of 182 questionnaires were distributed, and 179 responses were returned. The response rate was 98.3%. Due to the fact that 3 responses were not completed correctly and thus are excluded from the analysis, a total of 179 valid responses were used in the data analysis procedures.

The overall profile of the participating respondents' demographic characteristics is presented in Table 4.1, below. Among the 179 respondents who participated in the survey, 141 respondents (89.6%) were male, and 38 (10.4%) respondents were female. This finding indicates that males are mainly dominating the MSEs manufacturing sector.

The result of **age** distributions in Table 4.1, below suggest that the greatest numbers of the respondents (76.2%) are in from 20-25 years age group, followed by under 20 years age (19.4%) and 4.4% of them aged above 25 years. As far as the age of respondents is concerned, most respondents were the ages of 18 to 25 and they are 56 in number and constitute (31.3%) of the total participants,

88(49.2%) of the respondents are between in the ages of 26 to 35, 19(10.6%) of the respondents are aged in between 36 to 45, and the age range above 45 years contains 16(8.9%) out of the total respondents.

The **marital status** of the respondents in Table 4.1, shows that majority of the respondents are unmarried which represent 47.5% that is about 85 respondents out of 179 respondents. Meanwhile, 77 or 43.0% respondents are married. About 16 or 8.9% of the respondent are divorced and 1or 0.6% are others. With regard to **level of education**, 41 (22.96%) of the participants are at diploma level, the larger proportion which is 49 (26.3%) of the participants their Primary school, while 25 (14.1%) of the participants have made their 1st degree hold And above Secondary school of 48 (25.8%), Others participants have made their 15 (8.40%)

The result of **business size** in Table 4.1, below suggest that the greatest numbers of the respondents (72.6%) are in their micro group, followed by small business (27.4%).

Table 4.1, represents **business categories** respondents in this study. It shows that a total of 99 or 55.3% respondents have worked metal and wood work, 22 or 12.2% of the respondents have been working *Traditional Hand crafting & Ornamental* products; meanwhile, 22 or 12.3% of the respondents have been working on agro processing, 27 or 15.1% of the respondent working food and beverage business categories. About 11 or 6.2% of the respondents are working textile and garment sector.

When the **capital** of the respondents is seen, majority of them 62 (34.6%) capital are below 5,000 birr and 47 (26.3%) of the respondents capital between 5,001 to

10,000 birr while 30 (16.8%) and 19 (10.6%) of the respondents capital between 10,001 to 20,000 birr and Between 20,000 to 50,000 birr respectively, similarly the remaining respondents which are 11 (6.1%) and 10 (5.6%) reported that their capital is above 100,000 birr and between 50,001 to 100,000. the study also showed is that 93 (52.0%) of the respondents have been working in the business below 5 years, and 56 (31.3%) of the respondents have been working in the business between 5 to 10 years , similarly 12 (6.7%) of the respondents have been working in the business between 10 to 15 years, while 11 (6.1%) and 7 (3.9%) of the respondents have been working in the business between 15 to 20 years and above 20 years respectively .

Education Level	2 nd degree & above	1	0.56
	1 st degree	25	14.00
	Diploma	41	22.96
	Secondary school	48	25.8
	Primary school	49	26.3
	Others	15	8.40
	Total	179	100.0

Table 4.1 Profile of the Respondents

Demographic variable	Categories	Frequency	Percentage (%)
Gender	Male	141	89.6
	Female	38	10.4
	Total	179	100.0
Age	18 to 25 years	56	31.3
	26 to 35 years	88	49.2
	36 to 45 years	19	10.6
	Above 45	16	8.9
	Total	179	100.0
Marital Status	Married	77	43.0
	Unmarried	85	47.5
	Divorce	16	8.9
	Others	1	.6

	Total	179	100.0
Education Level	2 nd degree & above	1	0.56
	1 st degree	25	14.00
	Diploma	41	22.96
	Secondary school	48	25.8
	Primary school	49	26.3
	Others	15	8.40
	Total	179	100.0
Size of business	Micro	107	59.8
	Small	27	15.5
	Others	45	25.5
	Total	179	100.0

Business categories	Metal and wood	99	55.3
	Leather products	0	0.00
	Food and beverage	27	15.1
	Agro-processing	20	11.2
	<i>Traditional Hand crafting & Orna.</i>	22	12.2
	Traditions Textile and garment	11	6.2
	Total	179	100.0
Amount of capital	Below 5,000 birr	62	34.6
	5,001 to 10,000 birr	47	26.3
	10,001 to	30	16.8

	20,000 birr		
	20,001 to 50,000 birr	19	10.6
	50,001 to 100,000 birr	10	5.6
	Above 100,000 birr	11	6.1
	Total	179	100.0
Years of Experience	Below 5 years	93	52.0
	5 to 10 years	56	31.3
	10 to 15 years	12	6.7
	15 to 20 years	11	6.1
	above 20 years	7	3.9
	Total	179	100.0

(Source: Researcher's survey, 2016)

4.3. The Level of Marketing Strategies Practices of the MSEs

Research Questions one (Q1): What is the level of marketing mix strategies practices at micro and small business manufacturing enterprise in the city of Gondar?

In order to answer the above research questions the marketing mix strategies practices level of in the micro and small manufacturing enterprises was measured by assessing the level of perceived marketing strategies practices of respondents/owners towards each factors of marketing mix strategies such as product, price, promotion, and place.

The responses scores of respondents towards each factor of the marketing mix strategies have been aggregated and relevant statistical values (i.e., mean and standards deviations) for each facet have been computed and presented in Table 4.2.

In general, the average descriptive result / mean and standard deviation/ of the independent variable marketing strategies is depicted below.

Table 4. 2 Descriptive statistics for predictor (independent) variables

Items/variables	Mean	S.D	N
Product	2.3548	.87642	179
Price	2.3952	.74781	179

Promotion	2.5205	.62527	179
Place	2.4549	.58657	179
Overall Marketing Strategies	2.4278	.49366	179

(Source: Researcher's survey, 2016)

Each independent variable items descriptive statistics (Mean and SD) result attached at Appendix - I at the last page of this paper.

As can be seen in the above table, enterprise owners perception on marketing strategies practices reported product, price, promotion, and place was low marketing mix strategies practices with *reference to Best (1977) on a five point likert scale*, responses ranging from 1 (very disagreed/ dissatisfied) through 3 (neutral) to 5 (very agreed/ satisfied) , *the mean score from 1-1.8 is lowest, from 1.81-2.61 is low, from 2.62-3.41 is average/moderate, from 3.42-4.21 is good/high, and from 4.22-5 is considered very good/ very high.*

As depicted above in Table 4.2. The overall marketing strategies practices (aggregated) value of enterprise owners responses showed a mean value of overall marketing strategies practices is 2.4278, SD=.49366 on a 5-point scale. According to Best (1977) on a five point Likert scale, the response's mean score ranging from 1.81-2.61 is low, and this result shows that the above stated

questions answer is the level of marketing strategies practices at the micro and small manufacturing enterprises was low.

This finding is consistency with the findings of previous studies of Raj Kumar G, and Raghbir S, (2011), which was undertook on marketing mix strategies of small manufacturers of India: punjab experience. They found small manufacturing are not using appropriate marketing mix strategies in the highly competitive environment. Also, the finding consistency with Yibeltal N, (2014) Empirical investigation on the application of marketing practices in Micro and Small enterprises (MSEs). He found improper implementation of marketing concepts, most MSEs were not effective in achieving their marketing objectives satisfactory and are unable generate higher sales.

But this study's finding is inconsistency from the findings of Abasilim A,(2015), studied on Extent of application of marketing mix strategy by small and micro scale enterprises in osun state Nigeria, He found that a high number of micro and small scale business are involved in the application of marketing mix strategies. Additionally, the finding not supported with N.B. Neneh & J.H. van Zyl (2008), Achieving optimal business performance through business practices: evidence from SMEs in selected areas in South Africa. He found that the selected SMEs business marketing practice was high.

4.4. The Extent of Business Performance of the MSEs

Research Questions Two (Q2).What is the extent of micro and small manufacturing enterprise performance at the city?

An attempt has been done to assess the extent of performance of micro and small manufacturing enterprises. The response of randomly selected business owners at the city towards business performance item displays how business owners perceived performances. As depicted below in Table 4.3. The cumulative value of three items of business performance responses showed a mean value of 2.3237, SD=.77798 on a five -point scale.

Table 4.3 Descriptive Statistics of the business performance

Items	N	Mean	S.D
Change in sales and profit over the past three years are	179	2.0169	1.12232
Degree of customers' satisfaction on your product and services	179	2.7542	1.25238
Market share performance compared to compotators in the same business sector	179	2.2011	1.10352
Business Performance	179	2.3237	.77798

(Source: Researcher survey, 2016)

Out of the three items, Degree of customers' satisfaction on your product and services receives the highest mean values (Mean=2.75, SD=1.252), followed by Market share performance compared to compotators in the same business sector (Mean=2.20, SD=1.103), While Change in sales and profit over the past three years are receives the lowest mean values (Mean=2.016, SD=1.122). In general

this statistics indicates that the level of business performance is low and most of the business owners are low performance of the perceived marketing strategies practices.

As it is seen in Table 4.3. the mean value of business performance is 2.3237 with reference to Best (1977) on a five point Likert scale, response's mean score ranging from 1.81-2.61 is low, and this brings research questions two answer stating business performances of MSEs at the city was low level.

The finding consistency with Yibeltal N, (2014), Empirical investigation on the application of marketing practices in Micro and Small enterprises (MSEs). He found that up to 50 percent of the respondents in this study considered their businesses performance to be deteriorating.

The finding not supported with N.B. Neneh & J.H. van Zyl (2008), Achieving optimal business performance through business practices: evidence from SMEs in selected areas in South Africa. He found that 49.3% of SMEs business performance was an average.

4.5. Correlation of Marketing Strategies Factors and Performance

In this subsection, whether correlations of marketing strategies factors and business performance were significantly correlated or not, have been assessed by using Pearson movement correlation analysis. The summary of Pearson movement correlation result of marketing strategies variables and performance is depicted below.

Research Questions Three (Q 3): What is the correlation of Marketing strategies factor and micro and small manufacturing enterprise performance in the city?

In this subsection, correlation between marketing strategies factor and MSEs manufacturing enterprise performance will be identified in terms of direction and significance by using person movement correlation analysis. The summary of person movement correlation result is depicted below.

Table 4.4 Pearson correlation result of marketing strategies and business performance

Correlations			
		Marketing Strategies	Business Performance
Marketing Strategies	Pearson Correlation	1	.586**
	Sig. (2-tailed)		.000
	N	179	179
Business	Pearson Correlation		1

Performance	Sig. (2-tailed)		
	N		179
**. Correlation is significant at the 0.01 level (2-tailed).			

Marketing strategies has significantly correlated with business performance

The Pearson correlation result shown in the Table 4.4, revealed that marketing strategies has a positive and significant correlation with business performance with ($r = .586$, $p=0.000$). Marketing strategies factors is positively affect association with performance and their association was significant as their p value is < 0.01 , thus the previously stated research questions answers stating marketing strategies has significantly correlated with business performance.

This result was supported by Smile D, and Daniel O, (2014), who reported that the Pearson's correlation coefficient showed a significant positive relationship between Marketing mix Strategies and the Performance of SMEs.

Also, this finding is consistent with a study conducted by Ebitu, et al (2015), they found that there is a significant relationship between the marketing problems experienced by SMEs and the increase in their profit margin and sales volume. Furthermore the finding supported with N.B. Neneh & J.H. van Zyl (2008), Achieving optimal business performance through business practices: evidence

from SMEs in selected areas in South Africa. He found that the correlation between marketing mix practice and business performance showed a significant positive relationship.

But this study's finding is inconsistency from the findings of R.Gajanayake, (2010), studied on the Impact of Marketing Strategies and Behavior of Small and Medium Enterprises on their Business Growth, he found that the correlation between the level of marketing strategies and the growth is very less and almost it seems to be no correlation though there was a positive relationship between the two factors.

4.6. The Effect of Marketing Mix Strategies on Business Performance

Preliminary analyses were performed to ensure no violation of the assumptions of normality, linearity, multicollinearity and homoscedasticity of the model before analysis. The result shows that there is no assumption problem in this study. Each assumption of the model result attached at Appendix - II at the last page of this paper. After having confirmed the model for its fitness towards the assumptions of linearity, normality, multicollinearity, and homoscedasticity the stated hypothesis "marketing mix strategies has significant effect on business performance" have been answered.

4.6.1 The Effect of marketing mix strategies factor on business performance

In this subsection, whether each factor marketing strategies has significantly effect on business performance or not, have been assessed by using multiple regression coefficient analysis. The summary of multiple regression coefficient result of each independent variable on performance is depicted below.

Research Questions Four (Q4): Which factor of marketing mix strategies most affects micro and small manufacturing enterprise performance?

In order to answer the above research question, multiple regressions was used to identify the dominant factor among the four factors of marketing strategies that has a stronger impact on business performance. As the result of multiple regressions in Table 4.5 showed, product by standardized beta coefficients value of .419 significant at .000 is found to be the most important factor of marketing strategies that affected MSEs performance. In other ways it answers the research question “Which factor of marketing strategies most affects MSEs performance?” so that with a Beta-value of .419, product reaches statistical significance at the 0.000 level, and is the best predictor of performance followed by price with a Beta-value of .419 sig. at 0.000 and promotion with a Beta-value of .237 sig. at 0.004.

Table 4.5 Multiple Regression Coefficients (Marketing Strategies on Performance)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.235	.259		.909	.038

	Product	.419	.068	.472	6.124	.000
	Price	.125	.083	.120	1.502	.135
	Promotion	.237	.082	.190	2.896	.004
	Place	.084	.094	.063	.892	.374
a. Dependent Variable: Business Performance						

Strategies with product has significant effect on performance of MSEs

The multiple regression coefficient result shown in the Table 4.5, revealed that strategies with product dimension of marketing strategies has a positive and significant effect on performance with (beta = .419, $p=0.000$). Previously stated research questions answer is product of marketing strategies factor has significance effect on MSEs performance.

This result was supported by Gbolagade et.al (2013), who reported that product has a significant positive effect on the business performance. Additionally, the finding consistency with Yibeltal N, (2014). He found that product was significance effect on marketing objectives.

Strategies with price has significant effect on performance of MSEs

In order to answer whether there is a significant effect between price and performance, the research questions is analyzed through the multiple regression coefficient; as Table 4.5 shows price is insignificant and positive effect on performance, since the significant level of their effect is > 0.05 where (beta = .125, $p=.135$). Therefore, price is found to be insignificantly effect on performance and the formerly stated research question answer is price of marketing mix strategies factor has no significance effect on business performance is answered.

This finding does not support other studies such as, Gbolagade et.al (2013), as they found price has significance effect on business performance. Also, this finding is inconsistent with a researcher done by Yibeltal N, (2014), who showed that price has a significant effect on marketing objectives.

Strategies with promotion has significant effect on performance

To answer the above research questions, the multiple regression coefficient was used and the result in Table 4.5 showed that promotion is positively and significantly effect on performance (beta = .237, $p =.004$). The formerly stated research questions promotion of marketing strategies factor has significance effect on business performance at city is answered.

This result supported the findings of Yibeltal N, (2014) who showed that promotion has a significant effect on marketing objectives.

But this study's finding is differing from Gbolagade et.al (2013), as they founded that promotion was statistically insignificant and negatively effect on business performance.

Strategies with place has significant effect on performance

In order to test whether there is a significant effect between performance and place, the research questions is analyzed through the multiple regression coefficient; as Table 4.5, shows place has a insignificant positive effect on performance, since the significant level of their effect is > 0.05 where (beta = .084, $p = .374$). Therefore, place is found to be insignificantly effect on performance and bearing in mind that the formerly stated research questions saying place of marketing strategies factor has no significance effect on business performance at city is answered.

This result was supported by Gbolagade et.al (2013), which showed that place has an insignificant positive effect on business performance.

But, this study's result was not in support with the result of Yibeltal N, (2014); in the study on Empirical investigation on the application of marketing practices in Micro and Small enterprises (MSEs) as he found that place was significant effect on marketing objectives.

In general, the coefficient values show, the change in performance with a unit change in a predictor variable value, when all the other predictor variables are held constant. When the coefficient value for the variable is analyzed, 'product' (as it most effect micro and small manufacturing enterprises performance) we can

say that there is an increase of .419 in the business performance of an MSEs for every unit increase in the product of the MSEs, keeping all the other variables constant. And based on the finding the multiple regression equation would be:-

Table 4.6, summarizes the overall beta value for variables in the marketing mix strategies dimensions. The beta value for product is (beta value = .419, P value < 0.01), price is (beta value = .125, P value > 0.05), promotion is (beta value = .237, P value < 0.05), and place is (beta value = .084, P value > 0.05).

However, product marketing mix strategies shows the highest beta value and the most significant compared to the other marketing strategies variables (beta = .419, p .000). Thus, a product marketing strategy has the highest effect on business performance.

This means that product marketing strategies is the dominant factor influencing the micro and small manufacturing enterprises performance at the city of Gondar.

Hence, based on the finding the multiple regression equation can be stated as follow:

$$BP = a + \beta_1 \times_1 + \beta_2 \times_2 + \beta_3 \times_3 + \beta_4 \times_4 + e$$

Where: - **BP**= Dependent Variable: business performance

a = constant

β_1 = beta coefficient for the first variable

\times_1 = the first variable

β_2 = beta coefficient for the second variable

x_2 = the second variable...

e = error

$$\mathbf{BP} = .419 \mathbf{Pro} + .125 \mathbf{Pri} + .237 \mathbf{Prom} + .084 \mathbf{Pla}$$

(Where **BP** = business performance, **Pro** = product, **Pri** = price, **Prom** = promotion, **Pla** = place)

Table 4.6 Model Summary (Marketing Strategies)

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.614 ^a	.377	.363	.62102	.377	26.338	4	174	.000
a. Predictors: (Constant), Product, Price, Promotion, Place									

The regression analysis (Model Summary) in Table 4.6 shows the value of R which represents 0.614 (61.4%) of the four facets of the independent variable, marketing strategies; namely product, price, promotion, place consideration.

Additionally, R square and adjusted R square value of the multiple regressions is given by 0.377 and 0.363, respectively. This is interpreted as 36.3% of variance in performance is explained by marketing strategies factors, while 63.7% of variation in performance is explained by other variables not considered in this study. The F statistic of 26.338 at 4 and 174 degrees of freedom is statistically significant at 99% confidence level; which implies the variation in performance that is explained by marketing strategies factors expressed by adjusted R square is statistically significant.

5. CONCLUSION, RECOMMENDATION AND FUTURE RESEARCH DIRECTION

5.1. Conclusion

Based on the findings of this study, the following conclusions are drawn.

To determine and assess the business performance level with the marketing strategies practiced by MSEs manufacturing enterprises is not easy but not impossible. The results can be very helpful in improve the level performance for MSEs manufacturing enterprise to leverage or enhance the product and services provided.

The study's aim was to assess the impact of marketing mix strategies practice on business performance at Gondar city. The conclusion of this paper based on the objective of the study is as follows,

Based on the descriptive statistic found in the survey, the level of MSEs overall marketing mix strategies practices and business performance shown low level at Gondar city.

The level of MSEs performance based on the descriptive statistics is an indication that performances of the MSEs' in the city is observed which means the finding by itself highlights the problem of MSEs low performance still exists in the city of Gondar.

This research examined the relationship between marketing mix strategies and MSEs performance at Gondar city administration. The finding showed that there

is significant positive relationship between marketing mix strategies and MSEs performance.

The different facets of marketing mix strategies have a significant effect on MSEs performance. Thus they have effect on MSEs performance in this particular study. Four facets (product, price, promotion and place) of marketing strategies factors are significantly and positively effect on MSEs performance, except price and place marketing mix strategies factors.

5.2. Recommendation

Based on the findings and conclusions of the study, the researcher forwards the following Recommendations to the micro and small enterprises, micro and small enterprise coordination office, policy makers and suggestion for other researchers.

- The level of marketing mix strategies practice at Gondar city administration is low due to improper implementation of marketing concepts, most MSEs were not effective in achieving their performance objectives satisfactory and are unable generate higher sales. MSEs should enhance their marketing skills through proper marketing training and experience sharing with other MSEs, and medium and large scale enterprises.
- Perception of owners with the marketing mix strategies dimension at Gondar city indicate that marketing mix strategies in this study has significant and positive effect on micro and small manufacturing enterprises performance. Hence, the micro and small enterprises should

pay due attention to it to avert low performance by improving the following marketing strategies dimension.

- In terms of **product aspects** of marketing strategies dimension has significant effect on micro and small manufacturing enterprises performance, it is recommended that enterprises owners should Provide product with high quality, improved features, durable, better design, acceptable standard size and colour as per the needs of the customers and diversify and modify existing product.
- The owners perception of **promotion** has a positive and significant effect on micro and small manufacturing enterprises performance, to improve this factor the enterprises owners should apply promotional tools like, electronics media, board, business cards and brochures, trade shows and exhibition, door-to-door/word of mouth, banners and adopt modern mobiles/sms/, create website of the business and create social media /face book/ technologies.
- Furthermore, **price** dimension was considered as one of the marketing mix strategies factors Positive effect on micro and small manufacturing enterprises performance, to improve this factor enterprises owners should apply different pricing strategies like offered lower price than compotators/ large manufacturing, offered credit payment and discounts and set prices on the basis of costs of producing and setting prices based on what the market is prepared to pay.

- Finally, it is recommended on **place** marketing strategies dimension, the enterprises should select appropriate business location and business Sites should be reached easily and convenient to customers.
- Generally, the study recommends that holistic and effective strategies stated above reverse the problem should urgently be developed and implemented. Responding to this situation requires strong commitment and strategic leadership and this study can guide the concerned body and MSEs support mechanism to tailor their MSEs training programmers so as to help MSEs owners/managers to acquire the necessary skills to properly implement these four marketing mix strategies practices, which will enable the MSEs to achieve optimal performance.

5.3. Future Research Direction

- ❖ Future research should focus on the perception of marketing strategies practices from other business categories sectors (such as construction, urban agriculture, services, trades, etc.).
- ❖ Further study is suggested to make a comparative study to investigate whether there are any differences in marketing strategies practices and business performance between manufacturing and other sectors.
- ❖ This study is conducted only on sector particularly MSEs manufacturing; future research should broaden its scope other business sectors.

Future research could include other dimension of marketing strategies practice that may be important predictor of business performance.

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Appendix – I Descriptive Statistics of the Independent Variables

Items	Mean	S.D
Descriptive results of Strategies with Product	2.3548	.87642
Provide product with high quality, improved features, durable, better design, acceptable standard size and colour as per the needs of the customers.	2.8380	1.29888
New product development based on the market/customer need	2.2346	1.17115
Products are available and accessible the desired market	2.5866	1.16938
Have information product demand forecasting	2.2011	1.16783
Branded products are demanded by most of customers	2.1573	1.22957
Service along with products is more important to high light the product.	2.2011	1.10352
Product diversity and modify existing product will have more chances to improve the performance of the business.	2.2626	1.11340
Descriptive results of Strategies with Price (N=179)	2.3952	.74781

The price lower than that offered by the competitors/ large manufacturing	2.1006	1.02275
The credit payment are offered to attract customers	2.3464	1.06667
Have skills and knowledge to set competitive price	3.0838	1.39369
Offer discounts to their customers on a regular basis	2.4916	1.12863
Lack of costing skills as well as competition to set competitive prices	2.2067	1.20241
Set prices on the basis of costs of producing plus a fixed margin for profit	2.1292	1.29760
Setting prices based on what the market is prepared to pay	2.4078	1.36413
7Descriptive results of Strategies with Promotion (N=179)	2.5205	.62527
Advertizing by Decorate name of the store	3.2793	.84811
Advertising in TV channels, radio broadcasting, local newspaper, journals, board, business cards and brochures	2.0447	1.13088

Have experience to promote their product and service	2.5698	1.28053
Inability to effectively promote products	2.4916	1.10346
Promotion through mobiles/sms/ and internet/face book/is mere important now a day in this place	2.0056	1.18747
Trade shows and exhibition have the highest impact the business performance	2.7318	1.35979
Descriptive results of Strategies with Place (N=179)	2.4549	.58657
Products available at the right place	3.1397	1.56777
Have appropriate business location	1.6425	1.06823
Business Sites are located in areas that can be reached easily and convenient to customers	2.0838	1.38561
Lack of information where the best market areas are located	2.4972	1.15814
Premises with reasonable price/rent	3.0447	1.21702
The location of the business is more important to the performance and development of the business	2.7542	1.23885

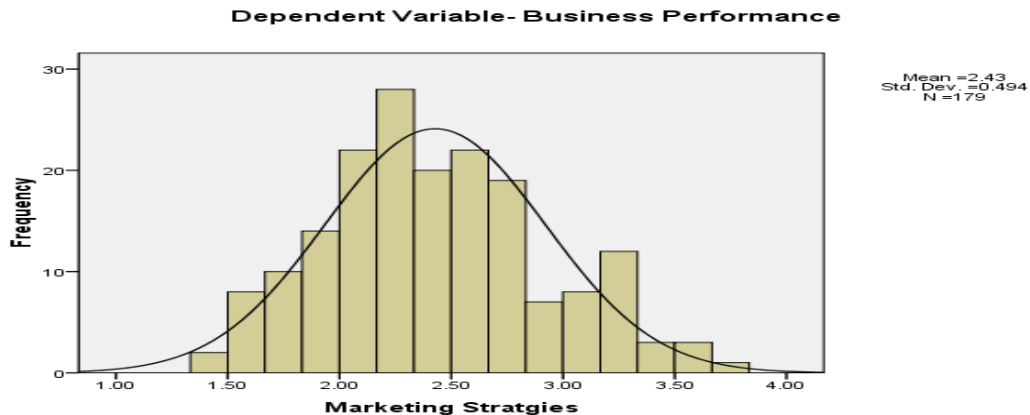
Transportation is a big factor to make the product available all the time	2.0223	1.09110
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Items	Mean	S.D
Descriptive results of Business Performance (N=179)	2.3237	.77798
Change in sales and profit over the past three years are	2.0169	1.12232
Degree of customers' satisfaction on your product and services	2.7542	1.25238
Market share performance compared to compotators in the same business sector	2.2011	1.10352

Appendix – II Assumptions of Liner Multiple Regression Model

Normality: Regression assumes that variables have normal distributions. Non-normally distributed variables can distort relationships and significance tests. There are several pieces of information that are useful to the researcher in testing this assumption like data curve : as we can see from the visual inspection of data curve plotted in figure 1 portrayed in appendix II , the graph labeled display normal curve and it shows that the variables have normal distributions. Thus normality assumption is said to be fulfilled.

Figure 1 Normality curve



Linearity: Standard multiple regressions can only accurately estimate the relationship between dependent and independent variables if the relationships are linear in nature. That is to say the mean values of the outcome variable for each increment of the predictor(s) lie along a straight line.

To check whether marketing strategies facets /which are the independent variables/ are directly correlated with micro and small enterprise performance/ which is the dependent variable/ residual plot against the fitted values were plotted. (Montgomery et al., 2002) advocated that the preferable method of detection of linearity is examination of residual plots (plots of the standardized residuals as a function of standardized predicted values, readily available in most statistical software). Thus from the figure 2 depicted in appendix II , it could be easily understood that the observations are lie on the straight line of the graph or no observations far from the line and as a result this reflects that the linearity assumption is fully met.

Figure 2 linearity graph



Multicollinearity: There should be no perfect linear relationship between two or more of the predictors. So, the predictor variables should not correlate too highly. Multicollinearity exists when there is a strong correlation between two or more predictors in a regression model. If there is collinearity between predictors it becomes impossible to obtain unique estimates of the regression coefficients.

One way of identifying multicollinearity is to scan a correlation matrix of all of the predictor variables and see if any correlate very highly. According to Hair et al., (2003) correlation of 0.7 and above can be an indicator of possible multicollinearity between independent variables. As we can see from table 1 the Pearson correlation coefficient of this study is 0.614 which is less than that of 0.7 it shows that there is no collinearity problem.

Table 1 Person Correlation Coefficient Matrixes

Correlations					
		Product	Price	Promotion	Place
Product	Pearson Correlation	1	.627**	-.018	.270**
	Sig. (2-tailed)		.000	.814	.000

	N		179	179	179
Price	Pearson Correlation		1	.017	.369**
	Sig. (2-tailed)			.817	.000
	N			179	179
Promotion	Pearson Correlation			1	.388**
	Sig. (2-tailed)				.000
	N				179
Place	Pearson Correlation				1
	Sig. (2-tailed)				
	N				

**.	Correlation is significant at the 0.01 level (2-tailed).		
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The other method of testing collinearity problem is the *variance inflation factor (VIF)*. The VIF indicates whether a predictor has a strong linear relationship with the other predictor(s). although there are no hard and fast rules about what value of the VIF should cause concern, Myers (1990) suggests that a value of less than 10 is a good value and as we can also see from table 3 the VIF value is less than 10 and again it assures that multicollinearity assumption is satisfied.

Table 3 Collinearity Diagnostics

Marketing Strategies' Facets Coefficients ^a

Model	Collinearity Statistics	
	Tolerance	VIF
Product	.603	1.660
Price	.560	1.785
Promotion	.828	1.208
Place	.715	1.399

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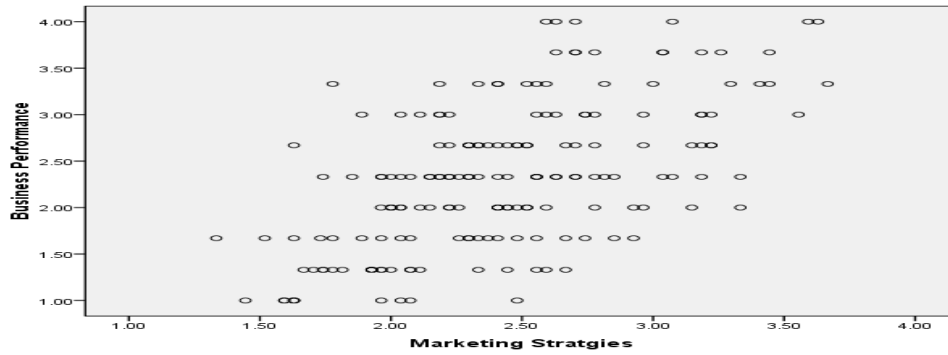
a. Dependent Variable: business performance

Homoscedasticity: At each level of the predictor variable(s), the variance of the residual terms should be constant. This just means that the residuals at each level of the predictor (s) should have the same variance (homoscedasticity); when the variances are very unequal there is said to be heteroscedasticity.

According Tabachnick and Fidell (1996) slight heteroscedasticity has little effect on significance tests; however, when heteroscedasticity is marked it can lead to serious distortion of findings and seriously weaken the analysis.

This assumption can be checked by visual examination of a plot of the standardized residuals (the errors) by the regression standardized predicted value. Most modern statistical packages include this as an option. Figure 3 show a plot of the study and as it can be observed from the figure the plot of fitted value against the standardized residual are vary without any systematic pattern. The error terms are varied constantly without any increment or decrement. Thus this nonsystematic or random pattern indicates the presence of homoscedasticity and the assumption is kept.

Figure 3 Homoscedasticity test



Appendix – III English Version of the Questionnaire

University of Gondar

College of Business and Economics

Department Of Marketing Management

Questionnaire: on “Assessing the Impact of marketing Strategies Practices on the Micro and Small Business Enterprise Performance”.

Dear respondent,

Attached herewith is a questionnaire designed to collect data which will be used for the preparation of a thesis on “The Impact of Marketing Strategies Practices on the Micro and Small Business Enterprise Performance, In Case Of Gondar City Administration”, as required for the partial fulfillment of Master degree in Marketing Management. In an attempt to meet the aforementioned objective, I kindly request you to spare your valuable time to complete the questionnaire. As the research is mainly for academic purpose, I assure you that all responses will be treated as confidential and broad findings of the study without the name of the respondent and your cooperation and prompt response will be highly appreciated.

Thank you

Kind regards,

Part One: Personal Data (Please x)

1. Sex ☐ Male ☐ Female

2. Age: ☐ 18-25 year ☐ 26-35 year ☐ 36-45 year ☐ > 45 years

3. Marital Status: ☐ Married ☐ UN Married ☐ Divorced ☐ Others

4. Educational qualification: Masters & ☐ve Bachel☐ Degree
Diploma

Se☐ndary complete P☐ary complete ☐her

5. Size of your Business☐ Micro ☐ Small ☐ Others

6. Business Category☐: Metal & wood☐work ☐ Garment Leather
Food & Beverage

Agro- Processing☐ Traditional

7. Amount of Capital☐ < Birr 5,000 Birr 5,001☐10,000 Birr 10,001-
☐ 20,000 Birr 20,001-50,000 Birr 50,001-100,000 Over Birr 100,000

8. Years of Experience☐ < 5 Years 5-10 ☐ars 10-15☐ears 15☐
20 Years > 20 years

Part Two: Marketing Strategies Practices (Please mark “X”)

Here under please rank the determinant factors of business performance using five Likert scales ranging from “**strongly disagree**” to “**strongly agree**”.

S/N	Variables/Factors	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Factor 1: Product	1	2	3	4	5
1	Provide product with high quality, improved features, durable, better design, acceptable standard size and colour as per the needs of the customers.					
2	New product development based on the market/customer need					
3	Products are available and accessible the desired market					
4	Have information product demand forecasting					

5	Branded products are demanded by most of customers					
6	Service along with products is more important to highlight the product.					
7	Product diversity and modify existing product will have more chances to improve the performance of the business.					
	Factor 2: Price	1	2	3	4	5
8	The price lower than that offered by the competitors/ large manufacturing					
9	The credit payment are offered to attract customers					
10	Have skills and knowledge to set competitive price					
11	Offer discounts to their customers on a regular basis					
12	Lack of costing skills as well as competition to set					

	competitive prices					
13	Set prices on the basis of costs of producing plus a fixed margin for profit					
14	Setting prices based on what the market is prepared to pay					
	Factor 3:Promotion	1	2	3	4	5
15	Advertizing by Decorate name of the store					
16	Advertising in TV channels, radio broadcasting, local newspaper, journals, board, business cards and brochures					
17	Have experience to promote their product and service					
18	Inability to effectively promote products					
19	Promotion through mobiles/sms/ and internet/face book/is mere important now a day in this place					

20	Trade shows and exhibition have the highest impact the business performance					
	Factor 4: Place/Distribution	1	2	3	4	5
21	Products available at the right place					
22	Have appropriate business location					
23	Business Sites are located in areas that can be reached easily and convenient to customers					
24	Lack of information where the best market areas are located					
25	Premises with reasonable price/rent					
26	The location of the business is more important to the performance and development of the business					

27	Transportation is a big factor to make the product available all the time					
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Part Three: - Business Performance (Please mark “X”)

Here under please rank the determinant factors of business performance using five Lickert scales ranging from “**Lowest**” to “**Highest**”.

S/N	Variables/Factors	Lowest	Low	Medium	High	Highest
	Factor 1: Business Performance	1	2	3	4	5
28	Change in sales and profit over the past three years are					
29	Degree of customers’ satisfaction on your product and services					
30	Market share performance compared to compotators in the same business sector					

Thank you for your cooperation!!